

# YEOMAN 3-RIGHTS VALUE ASIA FUND

(Co. Regn: 53979 C1 GBL; Fund Business Licence: C1/04/01282)

At 30 Sep 2005  
NAV/Share:  
**S\$110.62**

## MANAGER'S COMMENT AND PERFORMANCE REVIEW AT 3Q 2005

### Absolute Performance

Month of Sep 05 **+7.39%**

YTD **+11.96%**

Cumulative Oct 97 to Jun 05 (7yr 11mo period): **+211.00%**

CAGR **+15.41% p.a.** (Compounding)

### Relative Performance

The above compares favourably against the regional MSCI C FE x Japan Index which is up +13.1% YTD and only +30.6% cumulative over the same 7yr 11mo time frame to end Sep 05 implying a CAGR of only +3.4% p.a. It also compares well against the prevailing risk free rate (around 4% for US Treasuries and 3% for Spore Govt bonds), against most other asset classes and probably against our own peer group as well. As before, our figures are nett of all fees with dividends reinvested and in SGD terms. Performance calculations follow the CFA (formerly AIMR) PPS standards consistently and measures all/all accounts under management for period Oct 97 to Dec 04 and thereafter for Jan 05 onwards, only our Mauritius domiciled Yeoman 3-Rights Value Asia Fund is reported.

### Manager's Comment

At end of the period our allocations were as follows:

**Equities vs Cash:** 98.46% vs 1.54%

**Country Allocations:** Spore 42.08%, Korea 35.18%, HK 20.40% and Thailand 0.79%

**Our top 5 holdings** made up 41.45% of our Fund

Fears over rising interest rates, high/rising oil and commodity prices and etc continued to dog market psychology over the 3Q period. As is our habit, we ignored them all and continued to do our job as value investors (fyi our cash holdings at end 3Q 05 was 1.54% of the Fund, as compared with 0.31% at end 1H and 2.67% at end 1Q 05 so you can see that we hold little cash all the time) and we stayed fully invested as we have always been, subject to value and valuations.

Being human we do have some cases to brag about and also some to moan over however. We sold our entire stake in **Kyungdong Pharma** (Korea listed, generic drugs manufacturer) at nearly 3x our entry price at end Sep 05. We started collecting the stock in Oct 04 after a year of desk research and 3 coy visits. We do believe in the long term fundamentals of the business and have high regard for the owner and management of the coy but since the price was already at fair value and since we needed cash to invest in other Korea picks that are still far below fair value with no problems in quality, we decided to do what we did. Our Thai stock **Matichon** (dominant local language newspaper) which we had collected back in 2000 at around THB 4.40 and which came into the Fund at THB 7.30 per share was target of a GO at THB 11.10 by another Thai listed coy called Grammy and so this is another 2-3 bagger. Mind you, this stock has also been paying us a dividend yield of between 4-10% (the yields came down as stock px went up, hence the yield range) over the period so this is another pretty gain. Very likely, we will take the offer and re-deploy the cash elsewhere.

The earnings of our manufacturing companies in HK all came down over the YTD period and HK is our biggest underperformer on account of this. Our manufacturer of spectacles and fashion eyewear, manufacturer of lightings, manufacturer of footwear were all uniformly pressured by raw material price increases whether plastics for eyewear (yes, plastic frames are back in fashion), copper for lamp stands, rubber and related products for shoes and etc. Along with weaker earnings also came the disproportionate fall in stock prices as markets always overreact. We have one other HK company which grew its earnings, a leather belts/wallets/bags manufacturer but the market scoffed at its achievement so the stock px of this one remained flat (we got nice dividends tho).

We have rechecked the financials of the above companies and are of the opinion that their cash flow and balance sheets are not adversely pressured by the developments and have thus chosen to continue to hold our positions. In the face of these pressures, our companies have cut cost, become a lot leaner and when/if material prices should abate, they are likely to come back with a huff and a puff. We are also aware that in the real world, price increases cannot be passed on to customers overnight but negotiations have to take place over the next purchasing cycle so we think we can be more reasonable than the other market participants and give the companies and their management time to respond to the challenges. We are medium/long term investors after all and not day traders (see process statement in the Fund PPM). Markets wise, Korea is our single largest out-performer for the 3Q of 2005, HK the largest underperformer and Spore has been generally flat. The bottom line is that we got a **YTD gain of +11.96%** over the 9 month period taking our Fund to yet another new high.

If asked for our view of the near and longer term future as regards anticipated investment performance, we would just say that there will be no change in investment process going forward. We believe that what we have now is fundamentally anchored, working out well in practice and most certainly sustainable over the future.

### **YEO SENG CHONG**

As Manager and Director  
Yeoman 3-Rights Value Asia Fund

## General Information

Fund Address:

**10 Frere Felix De Valois Street,  
Port Louis, Mauritius**

Manager:

**Yeoman Capital  
Management Pte Ltd  
11 Unity Street #02-13,  
Robertson Walk,  
Singapore 237995  
(Co. Regn. 199902308Z)**

Tel: **+65-67373922**

Fax: **+65-67376780**

Email: [cio@yeomancap.com](mailto:cio@yeomancap.com)

Website:

[www.yeomancap.com](http://www.yeomancap.com)

Total Value of Fund:

**S\$39,396,975.63**

Total Number of Shares:

**356,133.97**

Management Fee:

**1% p.a.**

Performance Fee:

**15% High Water Mark**

Sales Charge:

**2.5% of NAV** (payable to  
Distributor if applicable)

Manager Subscr Charge:

**S\$2,500** (one-time fixed sum  
payable to Manager)

Fund Subscription Charge:

**1% of NAV** (payable to  
Fund)

Fund Redemption Charge:

**1.5% of NAV** (payable to  
Fund)

Subscription frequency:

**Monthly**

Redemption frequency:

**Quarterly**

Investment Horizon

Recommended:  
**3-5 years or more**

Minimum Investment:

**S\$250,000**

Custodian:

**British and Malayan  
Trustees Ltd,  
Deutsche Bank**

Auditor:

**KPMG**

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11 Unity Street #02-13,  
Robertson Walk,  
Singapore 237995  
(Co. Regn. 199902308Z)**

Tel: +65-67373922  
Fax: +65-67376780  
Email: [cio@yeomanicap.com](mailto:cio@yeomanicap.com)

Website:  
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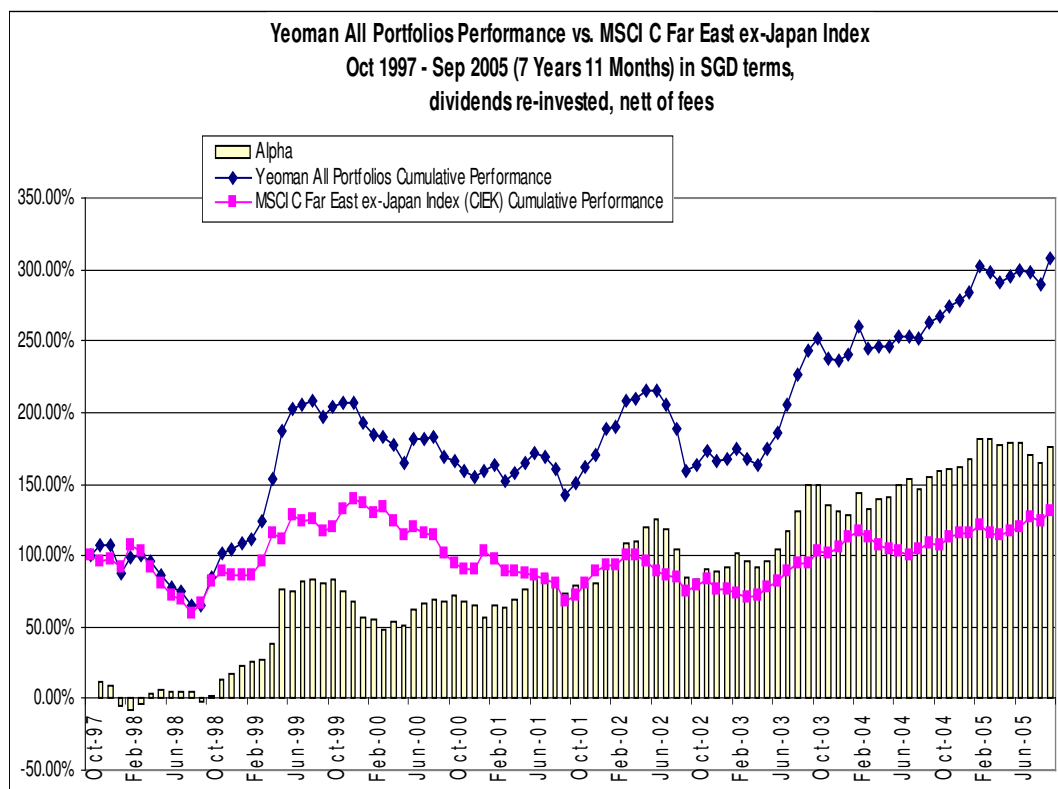
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## Yeoman All-Portfolios Performance

7yr 11mo ending 30/09/2005

Period	Yeoman-All Performance	MSCI C FE x Japan Perf.
Oct 97 to Dec 97	+6.6%	-2.9%
Jan 98 to Dec 98	-2.5%	-10.7%
Jan 99 to Dec 99	+99.3%	+61.4%
Jan 00 to Dec 00	-25.1%	-35.2%
Jan 01 to Dec 01	+9.5%	-1.6%
Jan 02 to Dec 02	-2.6%	-14.5%
Jan 03 to Dec 03	+42.9%	+39.2%
Jan 04 to Dec 04	+17.5%	+8.8%
Jan 05 to Sep 05	+12.0%	+13.1%
<b>Cumulative Performance from 10/97 to 9/05</b>	<b>+211.0%</b>	<b>+30.6%</b>
<b>CAGR</b>	<b>+15.4%</b>	<b>+3.4%</b>

Note: In SGD terms, nett of all fees, dividends re-invested and calculated according to CFA (AIMR) PPS